

Q&A

Executive Viewpoint

A conversation with **Harrison Smith**



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This conversation is adapted from a presentation at an FCW event and continues at Carahsoft.com/innovation

How near-term efforts inform the long-term vision

I had previously been with the Office of the Chief Procurement Officer here at the Internal Revenue Service, but for 12 or so years before that, I was with the Department of Homeland Security in various roles. Before that, I was with the Naval Sea Systems Command as a contract specialist working on aircraft carriers. I bring up aircraft carriers because some structures and projects require traditional approaches, and an aircraft carrier is one of them. If memory serves, you plan to do the refueling and complex overhaul of an aircraft carrier for about five years, and then you actually do it for another five, so you have to time when things come into port and the availability of personnel and make sure that there's space in the port.

That's a long-term activity. There are other activities in the federal portfolio that don't require that type of planning and frankly don't benefit from it. That's when you get into a conversation about the importance of driving toward a North Star or vision or end state. What I want to talk about is how you blend near-term efforts, successes and failures to reinforce and update that long-term vision.

At the Enterprise Digitalization and Case Management Office — we call it Team Digi just because it's easier — we talk about incremental, adjacent and transformative work. Incremental work is in that near term of 30, 60, 90, 120 or even 180 days. We focus on what can be accomplished or tried in the near term to find out what might work, how we might be able to improve things and what might be possible going forward. One of the keys is to start as small as humanly possible.

I've literally had someone say, "How is that going to make any difference?" My response has been, "It will make a difference to find out whether it works and whether we want to try it for something more complex" or for what we call adjacent innovation. That's in the six- to 12-month period. And then there are the transformative pieces that focus on how we can fundamentally change the way we approach digital transformation.

If you have a static long-term vision that is not informed by, updated and affected by those incremental and midterm efforts, the long-term vision is going to be useless six months in. You could spend your entire time working on a digital transformation strategy, and you could update it every 12 to 18 months, and it would be really, really good work. But it's important to balance the near-term change that needs to occur to positively affect the experience of the taxpayer or accelerate throughput in the processing of tax forms.

If all you focus on is the incremental, then you're running around chasing fires and never really pushing toward where you need to be. However, if all you focus on is the long term, there's not enough traction, learning or positive impact. Clearly, you have to have the long-term vision so that it can identify what you're going to work on in the near term, but the successes, failures, best practices and lessons learned have to inform and update that long-term vision.

A fresh perspective on process, policy and technology

Digital transformation requires different perspectives on process, policy and technology. Sometimes we have a penchant

for chasing a shiny object, like AI. Instead, we talk internally about the importance of changing our business processes and policies to optimize our technology investments. I'll give a very specific example: eFax. It's been around for some time, but when we talk about digital transformation, we are talking about optimizing and really driving forward how we use those digital tools. eFax can be clunky at times and it's certainly not cutting edge, but it is a dramatic improvement for the experience of a taxpayer who is used to mailing something and having it processed in a manual fashion.

In late 2021, we allowed a form that comes in about 50,000 times a year to be submitted through eFax. We also utilized 2D barcodes, which are not new either. Although 50,000 forms obviously isn't the largest population we have, it allowed us to make mistakes so we could learn and make positive change for taxpayers who submitted the forms. With those existing technologies, we improved the throughput of the forms by 81%, which is really quite dramatic.

Another example where we can really move the needle is document retention. We did an analysis of a certain type of form and found there wasn't a need to keep it for as long as we were keeping it, which was 75 years. That has nothing to do with digital transformation, but it does have to do with optimizing our approach and optimizing where we

spend money so we can improve the experience of the taxpayer and the IRS personnel who support the taxpayer.

A balanced and intelligent approach to digital transformation

You are talking about incentivizing a system to behave differently, and a system is made up of people. For instance, when you switch employees' manual activities to automation, you change the type of work they are doing and you change their focus. You're not removing what they do. Instead, you're asking them to help with more complicated activities. The employees are so valuable that we want to free them up to do more complicated activities.

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Similarly, when you talk about true digital transformation, you're talking about changing the pattern and the methods by which things proceed. When you fundamentally change how a structure and a system function, you are changing how people see where they're going to be. That's complicated, and that gets to the culture piece. Culture is a wildly important conversation to have. We've got to make sure we reinforce the activities we want to reinforce and incentivize individuals to say, “Hey,

it would make sense if we could do things in a different fashion.” Or, “Why do we keep these forms?”

Once you step out and allow yourself and the team to be a little bit vulnerable — because you will fail eventually if you step out there enough to try those things — all of a sudden folks will ask, “What are you doing? How long did that take? Can you talk to us about what you did?”

As we push forward with other options and other ways for the IRS to engage with taxpayers in a digital format, we want to make sure we do so in a balanced and intelligent way. I want us to be able to take a leadership role while at the same time being respectful of the experts. I want us to be able to focus on that return

on investment, and I want us to be OK with identifying what doesn't work quickly. A lot of people like to talk about failing fast, but you can turn that on its head and say, “Let's identify what works quickly and

invest in that.”

It's a balance of respecting the experts, focusing on the experience of the taxpayer, looking at return on investment in an empirical fashion, and really being focused on those near-term successes that improve activities and throughput and also allow you to reinforce and update the long-term vision. You will wear different hats on different days, but if you can push toward that North Star, you can be wildly successful. ■